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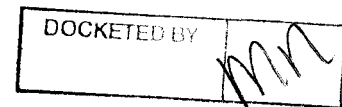
March 21, 2008

Arizona Corporation Commission
DOCKETED

MAR 21 2008

HAND DELIVERY

Ernest Johnson, Director
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007



W-02234 A-a-0371

Re: Johnson Utilities Company; Docket Nos. WS-02987A-99-0583, WS-02987A-00-0618;
W-02859A-00-0774 and W-01395A-00-0784; Decision No. 65840; Notice

Dear Mr. Johnson:

The subject Decision requires Johnson to file copies of any ADEQ Notice of Violation with the Utilities Division Director. Enclosed is such a Notice. The Company will resolve this matter with ADEQ within the time frames contemplated by the Notice.

If we can provide additional information, please do not hesitate to call.

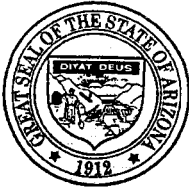
Sincerely,

Richard L. Sallquist
For the Firm

Enclosure

cc: Docket Control (15 copies)
Brian P. Tompsett

RECEIVED
2008 MAR 21 P 2:40
AZ CORP COMMISSION
DOCKET CONTROL



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

CERTIFIED MAIL

Return Receipt Requested

March 4, 2004

Case ID: 92021

Johnson Utilities, LLC
Attn: Brian Tompsett
5230 E Shea Blvd, Ste. 200
Scottsdale, AZ 85254-5750

Re: Notice of Violation issued to Johnson Utilities, LLC

Dear Mr. Tompsett:

This letter constitutes the monthly update on the status of Arizona Department of Environmental Quality ("ADEQ") action resulting from ADEQ's inspection of the above-referenced site on January 3, 2008, as required by A.R.S. § 41-1009(H).

The attached Notice of Violation ("NOV") is an informal compliance assurance tool used by ADEQ to put a responsible party (such as a facility owner or operator) on notice that the Department believes a violation of an environmental requirement has occurred. It describes the facts known to ADEQ at the time of issuance and cites the requirement that ADEQ believes the party has violated.

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, an NOV has no such force or effect. Rather, an NOV provides the responsible party an opportunity to do any of the following before ADEQ takes formal enforcement action: (1) meet with ADEQ and discuss the facts surrounding the violation, (2) demonstrate to ADEQ that no violation has occurred, or (3) document that the violation has been corrected.

ADEQ reserves the right to take a formal enforcement action, such as issuing an administrative order or filing a civil lawsuit, regardless of whether the Department has issued an NOV. Neither ADEQ's issuance of an NOV nor its failure to do so precludes the Department from pursuing these remedies. However, the timeliness of a complete response to this notice will be considered by ADEQ in determining if and how to pursue such remedies.

Sincerely,

John Gibbons, Manager
Field Services Unit
Water Quality Compliance

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Johnson Utilities, LLC
Notice of Violation, Case 92021
March 4, 2008
Page 2 of 2

Cc: Pinal County Division of Public Health
P.O. Box 2945
Florence AZ 85232

Facility File P105324
WQCFSU Reading File



Janet Napolitano
Governor

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1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.azdeq.gov



Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 92021

March 4, 2008

Johnson Utilities, LLC
Attention: Brian Tompsett
5230 E Shea Blvd
Scottsdale, AZ 85254-5750

Subject: Pecan Water Reclamation Plant, Place ID 18583
28539 N Gantzel Rd / Queen Creek, AZ 85242

NOTICE OF VIOLATION

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Johnson Utilities, LLC as the owner/operator of Pecan Water Reclamation Plant has violated a requirement of the Arizona Revised Statutes (A.R.S.), a rule within the Arizona Administrative Code (A.A.C.), or an applicable permit/license, administrative order or civil judgment. ADEQ discovered the violations alleged below during an inspection completed on January 03, 2008.

I. LEGAL AUTHORITY and NATURE OF ALLEGED VIOLATION(S)

1. **Permit 41570 (105324) - 2.6.53**

In the event of any discharge pursuant to A.R.S. 49-201(12) of non-hazardous materials, the permittee shall notify the ADEQ WQFSU within 24 hours upon discovering the discharge which could pose an endangerment to the public health or environment.

On December 24, 2007 the Pecan Water Reclamation Plant's (WRP) collection system experienced a sanitary sewer overflow (SSO) from a manhole located upgradient from the Pecan WRP. The SSO discharged approximately 5,000 gallons of untreated sewage, an endangerment to the public health or environment, into Queen Creek through a spillway located adjacent to the manhole. Johnson Utilities did not notify ADEQ until January 2, 2008; after ADEQ received a citizen's complaint and made e-mail inquiries to Johnson Utilities about the spill.

2. **A.R.S. § 49-255.01(A)**

Addition of a pollutant to navigable waters from a point source without a permit

On December 24, 2007 the Pecan WRP's collection system experienced a SSO from a manhole located up gradient from the Pecan WRP. The SSO discharged approximately 5,000 gallons of untreated sewage, a pollutant, into Queen Creek through a spillway located adjacent to the manhole.

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Printed on recycled paper

II. DOCUMENTING COMPLIANCE

1. Within 5 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a letter to ADEQ documenting that the paper debris located in spillway and wash has been removed.
2. Within 30 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a letter to ADEQ explaining reason(s) for Johnson Utilities failure to provide 24 hour notification of the sewage spill to ADEQ and measures undertaken to prevent a reoccurrence of this notification failure.
3. Within 60 calendar days of receipt of this Notice, please submit documentation that the violation(s) never occurred, or a letter to ADEQ that regarding a plan of action to prevent a reoccurrence of the SSO from the liftstation.

III. SUBMITTING COMPLIANCE DOCUMENTATION

Please send all compliance documentation and any other written correspondence regarding this Notice to ADEQ at the following address:

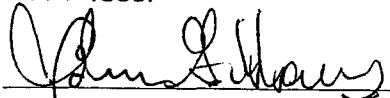
Arizona Department of Environmental Quality, Attention: William J. (Bill) Hare, Water Quality Field Service Compliance Unit, 1110 W Washington St, Phoenix, AZ 85007 MC: 5415B-1

IV. STATEMENT OF CONSEQUENCES

1. The time frames within this Notice for achieving and documenting compliance are firm limits. Failure to achieve or document compliance within the time frames established in this Notice will result in an administrative compliance order or civil action requiring compliance within a reasonable time frame, substantial civil penalties, and/or the suspension or revocation of an applicable permit/license. ADEQ will agree to extend the time frames only in a compliance schedule negotiated in the context of an administrative consent order or civil consent judgment.
2. Achieving compliance does not preclude ADEQ from seeking civil penalties, and/or suspending or revoking an applicable permit/license for the violation(s) alleged in this Notice as allowed by law.

V. OFFER TO MEET

ADEQ is willing to meet regarding this Notice. To obtain additional information about this Notice or to schedule a meeting to discuss this Notice, please contact William J. (Bill) Hare at (602) 771-4838.


John T. Gibbons, Manager
Water Quality Field Service Compliance Unit


William J. (Bill) Hare
Water Quality Field Service Compliance Unit